

## Attract More Customers By Upgrading Your Custom Labels

### How To Boost Sales With Eye-Catching Materials, Shapes, And Designs



Labels are an effective tool you can use to increase sales because it's one of the first things that will draw consumers to your product. Due to the close relationship between labels and consumer perception, product owners should keep an eye on label industry trends to help gain a competitive edge with their product(s). In this white paper, we will discuss what influences are shaping the label industry so you can better prepare your organization's needs for years to come.

As a label printing company that serves various industries, we've seen how consumer behavior and printing technology have impacted custom labels and packaging. From materials to printing techniques, product owners continue to seek new, cost-effective ways to appeal to consumers.

#### Trends covered in this white paper:

- ❖ Digital printing continues to grow and expand into different markets due to segmentation
- ❖ Shrink sleeve labels/packaging are increasing in popularity due to their shelf impact
- ❖ More product owners are using premium materials - like foil and clear films - as well as custom finishes to elevate packaging design and attract consumers
- ❖ Reclosure labels, or 'peel and reseal' labels, continue to grow in popularity to keep perishable products fresh after opening and multiple uses
- ❖ The majority of labels are paper-based, however, film materials' growth rate is outpacing paper because of its aesthetic and performance advantages

In this white paper, we will examine these trends and what product owners can do with this information to enhance their sales strategy. Whether you're new to labels or have been buying for years, this white paper is a useful resource for businesses that sell products in brick-and-mortar stores or e-commerce spaces.



## DIGITAL PRINTING ADVANCES MARKET SEGMENTATION

From food and beverage to beauty and household cleaning, markets are becoming more segmented due to technology. Consumers have more information available to them than ever before allowing them to learn more about different types of products, manufacturing processes, and trends. Consumer packaged goods (CPG) manufacturers no longer have total control of the conversation about their brand or product due to the widespread availability of the Internet. More consumers are getting their information online rather than traditional sources like print newspapers, radio, and television.

CPG manufacturers are also surfing the Internet for research whether it's finding online trends, conversations about their products/brand, and competitors. Armed with research and advancing technologies, businesses are better able to enter or create new market segments to reach more customers and boost their brand's appeal. Expanding or changing product lines, however, presents the challenge of how to label and package the product. Traditional label printing methods can be cumbersome if you're trying to push new products onto the market quickly - but digital printing's entrance in the label and packaging market in the early 2000s changed that.

## THE RISE OF DIGITAL PRINTING

Traditional printing methods – like flexographic and offset – are losing their market share to digital printing due to its ability to produce high quality, cost-effective labels in smaller quantities. Digital label presses use similar processes as personal inkjet printers where the printed image is created from a digital file using dots of ink. Since plates aren't required for digital printing, product owners can have smaller label quantities (known as 'short run labels'), multiple designs, or variable data without having to pay for things like printing plates and additional setup fees.

Digital printing fits well with market segmentation because it allows product owners an economical solution for printing smaller label quantities for niche markets. There are different ways consumers can be targeted through labels and packaging. Design is an important consideration but the information presented on the label is also important in the purchasing decision since more consumers are reading labels now than ever before for various reasons: health, environmental, ethical practices, etc. Labels can offer other things beyond design and information, as the list below shows.

### Ways to target consumers with digitally printed labels:

- ❖ Unique designs for different flavors, scents, etc.
- ❖ Multiple languages
- ❖ Regional promotions
- ❖ QR codes

- ❖ Coupons
- ❖ Personalized messages (e.g. Coca-Cola's "Share a Coke" campaign)
- ❖ Harvesting and cultivating information for product ingredients
- ❖ Gluten-free, 'organic' or 'natural' versions of a product

Digital printing's capability to print multiple label versions and variable data gives product owners the advantage of tailoring their labels for any product they have. As markets move towards segmentation to better serve consumer niches, digital printing will be key for achieving sales goals.



## SHRINK SLEEVE LABELS AND WRAPS INCREASES PRODUCT VISIBILITY

Shrink sleeve labels, commonly referred to as 'shrink sleeves,' are used across multiple CPG markets and continue to grow in popularity. One of the main reasons behind the growth of the shrink sleeve market is that it gives product owners more advertising space to attract attention. Shrink sleeves can cover a bottle or container from top to bottom with 360-degree graphics. In addition to its flexibility with design, shrink sleeves are highly durable as the graphics are printed on the inside of the film material. According to a Markets and Markets report<sup>1</sup>, "the stretch and shrink sleeve labels market is projected to reach USD 13.20 Billion by 2020."

Shrink sleeves are growing at a steady rate because of their shelf appeal and durability, but they aren't a right fit for everyone. Some downsides of shrink sleeves is that they tend to cost more than pressure sensitive labels because they use more material, require special application equipment, and have higher minimum order requirements. Despite these challenges, technological advancements are helping to reduce costs and improve materials for increased sustainability. According to estimates by AWA Alexander Watson Associates<sup>2</sup>, shrink sleeves will continue to experience growth in the global label market with an estimated compound annual growth rate (CAGR) of 5.5% from 2013 to 2018.

## APPLICATION AND BENEFITS OF CUSTOM SHRINK SLEEVES

Shrink sleeves differ from pressure sensitive labels in design, construction, and application method. One thing in particular that makes shrink sleeves stand out as a label product is that they can conform to a variety of bottle shapes that can be difficult for pressure sensitive labels to fit. As for application, pressure sensitive labels can be applied by hand or machine, whereas shrink sleeves are shrunk to the bottle/container using a steam tunnel (preferred method), radiant heat tunnel, hot air tunnel, or hybrid tunnel (combines heat and steam). Product owners should be aware that they may need to partner with a co-packer due to the costs associated with shrink application equipment.



Benefits of shrink sleeve labels and wraps:

- ❖ Scuff, abrasion, and moisture resistant
- ❖ Compatible with plastic, glass, and metal bottles/containers
- ❖ Fits seamlessly onto bottle with curves and contours
- ❖ A tamper-evident seal option for added product safety and freshness
- ❖ 360-degree design offers more graphics coverage
- ❖ Marketing and promotional opportunities: multi-packs, cross-merchandising, promotional band, and on-pack sample promotions

Now that you have a better understanding of shrink sleeves, you will be able to see how shrink sleeves fit into other industries and get a better idea if they're right for your product.

**SERVING DIFFERENT NEEDS**

Almost any product can use shrink sleeves, however, certain industries tend to use them more than others. Shrink sleeves are more than a pretty face - the optional tamper evident seal is perfect for ensuring freshness in beverage and food products, which share the majority of the shrink sleeve market with 62% and 22% respectively, according to AWA Alexander Watson Associates<sup>3</sup>. For other industries - like beauty, pharmaceutical, and nutraceutical - shrink sleeves provide a defense against tampering and counterfeiters since they're harder to copy than pressure sensitive labels.

While shrink sleeves are one of the most effective ways to increase packaging appeal and protect products, not all product owners find them to be a right fit for their products, capabilities, or budget. Shrink sleeves typically cost more than pressure sensitive labels due to the extra materials used, special application equipment, and higher minimum order requirements. Startups and small businesses may not be able to justify the investment but the good news is that there are many other ways product owners can add appeal to their product.

## CUSTOM LABEL TRENDS TO KNOW

### MAKE A LASTING IMPRESSION WITH EYE-CATCHING LABELS

If shrink sleeves aren't for you, there are plenty of other label options that can be used to make your products stand out. Label materials like foil, clear, and matte are often used to enhance packaging and attract attention. Although these materials tend to have a higher price per label than other labels, their quality, appearance, and durability are perfect for product owners who are ready to take their product to the next level. If you're looking for a more cost-effective material, semi-gloss paper is our most popular product since it balances affordability and performance. Having stellar label artwork can elevate semi-gloss paper to a more premium look.



### OUTSHINE COMPETITORS WITH FOIL MATERIALS

Foil labels, also known as 'metallic labels,' are a quick and effective way to grab shoppers' attention because of its light-catching shine. According to a Nielsen NeuroFocus study<sup>4</sup> (commissioned by AR Metalizing), there are several perceptions consumers have when they see foil labels. Product owners can take advantage of these perceptions to positively influence purchase decisions. The study tested and compared metalized silver paper to white paper by measuring three "CORE" brain responses (Attention, Emotion, and Memory) to three keywords (Higher Quality, Valuable, and Distinctive). The following insights were found:

- Consumers were more likely to consider metallic labels "distinctive" and "higher quality" over non-metallic labels
- Displaying graphics and branding information are particularly effective on metallic labels

Although the study focused on metalized silver paper, the findings can be applied to other types of foil and metallic labels. Below are different methods product owners can use to achieve a shiny label look.

#### Method 1: Materials

Metalized Silver Paper	Paper is generally less expensive than film but it isn't as durable against moisture and abrasion. Metalized silver paper is best suited for cool, dry environments that don't face extreme conditions. <i>(Example featured above.)</i>
Foil Film	Products that are likely to encounter moisture, constant handling, friction, etc. would benefit more from foil film due to its durability. Foil film is also shinier than metalized silver paper which makes it look higher end.



**Method 2: Processes**

Cold Foil Stamping	An on-press application that works by transferring foil material onto the label material by using printing plates and a UV curing lamp. Different colors can be achieved by tinting the foil. <i>(Example featured above.)</i>
Hot Foil Stamping	Often used as an eye-catching detail accent rather than a large area. Due to its higher costs, however, hot foil stamping is less common than cold foil. <i>(Note: Consolidated Label does not offer hot foil stamping.)</i>

Metallic labels aren't the only way to appeal to consumers – but it is one of the most effective tactics. Clear labels are another type of custom labels that are popular with product owners because of the “no label” look they create.



## ELEVATE PACKAGING WITH CLEAR LABELS

Clear labels are a popular label look since they can blend into all types of container for a 'no label look.' When paired with a clear container, clear labels can showcase a product's color or ingredients. The benefits of clear labels make them a cost-effective alternative to printing directly onto containers while achieving the same effect. Clear labels are used in many markets, however, they're often used in food, beverage, bath, and beauty.

### Benefits of custom clear labels:

- Creates a 'no label look'
- Accentuates bold colors
- Highlights product contents
- Moisture and tear resistant
- Offers unique design opportunities

Since clear labels are printed on film, they're more durable than paper labels which makes them perfect for products that will face moisture, condensation, abrasion, and product contents. In addition to their durability, clear labels are also flexible with the artwork and effects that can be printed. 'White underprinting,' a process that lays white ink down before other colored inks, is typically done to ensure that the label artwork is opaque and colors pop. If you would like transparent colors as part of your design, then you can skip white underprinting altogether. Creatively placed cutouts are another way to add visual interests to clear labels because they incorporate the product into the label artwork.

Another label trend that has been popping up is mixed finishes. Most labels are all glossy or matte - but more brands are beginning to use both finishes on a label to create a striking look.



## MULTIPLE FINISHES FOR AN EYE-CATCHING EFFECT

One of the great things about custom label printing is the ongoing drive for innovative designs. With growing competition, product owners have to be smart and creative with their labels to get noticed by consumers with short attention spans. That's where having gloss, matte, or foil finishes on your custom labels can set your product apart from the crowd. Having more than one finish creates a

unique effect that not only looks different, but also feels different too. We achieve this look by applying a 'spot UV coating' to designated areas with gloss, matte, or foil.

Spot UV coatings can be used on flexographic and digital label presses, and offer a variety of design opportunities. By having multiple finishes, brands can achieve a higher end look without changing their preferred label printing method or facestock. Doing this, however, will raise your cost per label because more materials are used but it can pay off in the long run when you start selling more products and increasing the value of your brand.

If you have products where freshness is a concern, then you should consider integrating reclosure labels into your packaging design. There are different material options depending on your product so it's crucial that you communicate your product details so we can help you select the right material.



## **STAYING FRESH WITH RECLOSURE LABELS**

Labels can be used for more than displaying artwork and information - they can also be used to keep products fresher for longer. Reclosure labels (also known as resealable and 'peel and reseal' labels) are printed on film material with a specialty adhesive that allows the label to be opened and closed multiple times. They work great with products that are packaged in flexible packaging or thermoformed plastics, and markets where freshness and convenience are essential.

There are several types of resealing adhesives available to suit different products. For example, food products that are refrigerated will face different conditions than products that are stored in dry conditions like cupboards. Another factor is whether you will need an adhesive with chemical resistance, typically a requirement for beauty and health products. Your product and its environment - whether dry, moist, or high moisture/chemical - will help us determine the right combination of materials for your reclosure labels.

Next, we will look at some trends that are happening with film and paper materials so you can have an easier time deciding which material type is a best fit for your label needs.

## **THE GROWTH OF FILM MATERIALS**

According to a 2015 report by the Freedonia Group<sup>5</sup>, label demand in the United States is projected to increase 3.8% annually to \$19.7 billion in 2019 with pressure sensitive labels still dominating the total U.S. market. The report revealed that paper will continue to hold the majority of label stock through



2017; however, film is projected to grow at faster rate due to its aesthetic and performance advantages. By 2017, film will account for more than 30% of total label demand in terms of values.



### HOW PAPER AND FILM STACK UP

When it comes to paper and film, the two biggest differences is cost and performance. Paper often has a lower price per label which makes it an attractive option for those with tight budgets, however, film is more durable and better suited for challenging applications. That doesn't mean that paper can't be durable, but in comparison to film, its performance isn't as strong. Both materials have their advantages and disadvantages – some product owners may find that the quality and cost of paper is a better fit for their project. Other product owners might need resilient labels for products that will encounter moisture, friction, abrasion, constant handling, chemical exposure, etc.

Below is a comparison table of paper and film materials so you can get a better idea on how the materials stack up to each other.

Material	Appearance	Performance
Paper	Less lustrous than film. However, a finish can add protection & sheen. Popular paper stock includes glossy white, metalized silver, matte.	Durable for most indoor applications. A laminate finish is recommended to provide moisture & scuff resistance.
Film	Available in white, clear, & foil. White underprinting is typically done for clear and foil labels to make artwork opaque.	Moisture & abrasion resistant. Performs well with most indoor applications & some outdoor. A laminate finish increases durability.

Both materials can be printed on flexographic and digital presses, and can be customized through additional materials and print processes. Whether a product owner should choose paper or film depends on the project's budget, label design and end use of product. The application method can also be a consideration when deciding on materials; for example, clear labels requires machine application to prevent bubbling so the labels have a smooth appearance.

## **LABEL CUSTOMIZATION BOOSTS PACKAGING & BRAND SUCCESS**

Your product isn't only fighting for attention on store shelves - it's competing with numerous brands online too. That's where customizing your labels can help you increase packaging appeal so customers are drawn to buy your product. Not only that, custom labels can make your brand more memorable to consumers which comes in handy when they're making a purchase decision. In this white paper, we've shown you a variety of label trends, materials, and design opportunities to help you with creating labels that boosts your sales and marketing strategy.

We highly recommend having a plan before buying custom labels so you don't end up wasting resources. Research and trusted partnerships are key to the label process to ensure that your custom labels not only look good, but perform optimally throughout the product's lifespan from the moment it leaves your facility until they reach customers. Open lines of communication with your vendors (like us) and internal team will also increase your chances of creating successful labels.



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**Sources:**

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<sup>3</sup>[http://www.labelandnarrowweb.com/issues/10-2015/view\\_features/shrink-sleeve-labeling](http://www.labelandnarrowweb.com/issues/10-2015/view_features/shrink-sleeve-labeling)

<sup>4</sup><http://www.packagingdigest.com/labels/study-shows-metallized-labels-are-visually-effective>

<sup>5</sup><https://www.freedoniagroup.com/industry-study/labels-3291.htm>